

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

09-0684R

RESOLUTION AUTHORIZING AN AMENDMENT TO THE AGREEMENT
WITH THE LAKE SUPERIOR AND MISSISSIPPI RAILROAD.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into an amendment to the agreement with the Lake Superior and Mississippi Railroad (LS&MR), substantially in the form of that on file in the office of the city clerk as Public Document No. _____, to extend the term of the agreement, to update insurance coverages, and to provide for the additional right to use that portion of the former B.N. trackage lying between Spring Street and Commonwealth Avenue, extended, owned by the city, for railroad storage, revenues to the city under the agreement payable into Fund 100, Department 700, Organization 1420, Source 4644.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

ATTY JMC:blj 10/30/2009

STATEMENT OF PURPOSE: This resolution authorizes an amendment to the agreement with the Lake Superior and Mississippi Railroad (LS&MR) to extend the agreement until December 31, 2017, to update insurance coverages, and to allow the additional right to store railroad cars of others on the track.

A number of years ago, the City acquired certain railroad right-of-way from the Burlington Northern Railroad including trackage in place between Spring Street in Riverside and the Boy Scout Landing area. The LS&MR, a nonprofit corporation, has been operating an excursion train on the track for a number of years pursuant to an agreement between the city and the railroad. LS&MR provides all operational and maintenance services for the excursion train, the trackage, and the equipment as well as all associated costs.

The city was recently approached by Renaissance Rail Group which brokers deals for railcar owners looking for sites to store railcars. This amendment would allow LS&MR to enter into an agreement with Renaissance and various railcar owners for storage of railcars during late fall through early spring months. The rate to be charged to the railcar owners is not less than \$125 per switching charge (the inbound and outbound movement of railcar charge) and \$2 per railcar per day storage charge or other rates as determined by the market and approved by the city property manager. For the storage of railcars in the fall of 2009 through spring/summer of 2010, LS&MR may retain all switching fees and 50 percent of the storage charge fees. The city shall receive the remaining 50 percent of the storage charge fees. Beginning in the fall of 2010, LS&MR may retain all the switching fees and the city shall receive all the storage charge fees. The fees that LS&MR receives under this agreement must be used solely for the purposes of track and equipment repair and maintenance as well as upgrade of equipment.